

VZCZCXYZ0000  
RR RUEHWEB

DE RUEHNE #0694/01 0431123  
ZNR UUUUU ZZH  
R 121123Z FEB 07  
FM AMEMBASSY NEW DELHI  
TO RUCPDOG/USDOC WASHDC  
RUEAHLG/HQ ICE IAO WASHINGTON DC  
INFO RUEHC/SECSTATE WASHDC 2910

UNCLAS NEW DELHI 000694

SIPDIS

SIPDIS

USDOC FOR 532/OEA/M. NICKSON-D/JAY HATFIELD  
USDOC FOR 3131/USFCS/OIO/ANESA/KREISSL  
USDOC FOR 4530/MAC/ANESA/OSA  
ICE HQ FOR STRATEGIC INVESTIGATIONS  
STATE FOR EB/ESP

E.O. 12958: N/A

TAGS: [ETTC](#) [ETRD](#) [BEXP](#) [IN](#)

SUBJECT: EXTRANCHECK: POST-SHIPMENT VERIFICATION: KENNAMETAL WIDIA  
INDIA LTD., BANGALORE, LICENSE NO. D347236

REF: USDOC 0380

¶1. Unauthorized disclosure of the information provided below is prohibited by Section 12(c) of the Export Administration Act.

¶2. Acting Export Control Officer (ECO) David Nardella and BIS FSN Prem Narayan conducted a Post-shipment Verification (PSV) at Kennametal Widia India Ltd. (Kennametal), Bangalore, on January 20, 2007.

¶3. BIS requested a PSV at Kennametal, a private sector company located at: 8/9 Mile, Tumkur Road, Bangalore 560073, Tel: 91-80-2839-0126, Fax: 91-80-2839-4325, Email: Ramakrishna.avs@kennametal.com, Website: www.Kennametal.com. Kennametal was listed as the Ultimate Consignee for two shipments of Inco nickel powder consisting of 317 and 211 kilograms controlled under ECCN 1C240. The license applicant was Novamet Specialty Products Corp. (Novamet), Wyckoff, NJ.

¶4. ECO along with FSN Narayan met with A.V.S. Ramakrishna (Ramakrishna), Senior Manager - Sales Administration & Planning, Engineered Products Group (EPG); G. Nagarajan, Senior Manager - Research and Development; T.K. Manjunath (Manjunath), Manager, Purchase; and R. Ramesh (Ramesh), Assistant Manager - Purchase - Imports, Kennametal.

¶5. Kennametal executives were aware of certain BIS regulations. However, this was the first USG or BIS official visit to Kennametal. They have been party to previous BIS export licenses. Manjunath provided a copy of the Kennametal Purchase Order, Novamet End-User Certificate acknowledging and agreeing to abide by the BIS export laws, Novamet Invoices reflecting their 500 kilograms of nickel powder, and Kennametal disposition log for nickel powder. Although Kennametal completed an end-user certificate, the company did not appear to have been sent the actual conditions of D347236 by Novamet (as was itself a condition of the above export license). As a result, ECO read the conditions of D347236, as shown in reftel, to all in attendance. They acknowledged that they understood those conditions.

¶6. During the production of the above documents, Ramesh stated that Kennametal had received additional prior imports of Type 123 Nickel Powder, from Novamet. In addition to the above documents, specifically related to D347236, Ramesh produced Novamet Invoice 25154, dated 05/03/05 showing the sale of 100 kilograms Nickel Powder Type 123, Novamet Invoice 26029, dated 10/31/05, showing the sale of 200 kilograms Nickel Powder, Type 123. In addition, Menlo Freight Forwarder Air Waybill "Office Copy" No. 542 944 3591 1 was affixed to Invoice 26029. Those two shipments, received by Kennametal previously, did not appear to have been affected by

Novamet with the use of an export license.

¶7. Ramakrishna stated that Kennametal Widia India Ltd.'s name changed to Kennametal India Ltd. in February 2006. He confirmed that the end-use of the nickel powder is for the manufacture of tungsten carbide. It is used to make carbide tools and carbide inserts primarily for machine tools, automotive components, and metal parts manufacturers. The Kennametal's EPG closely work with their customers to find solutions for them and make customized dies. He stated that nickel is a binder material. For making dies, the raw material is machined in the shop to bring it to the required shape and size and subsequently it is sintered along with the nickel powder and lubricants in a vacuum chamber. The whole process improves the strength and properties of a metal for high wear resistance.

¶8. ECO asked the Kennametal executives if there was ever an instance when they had been asked to sell the raw Nickel Powder, Type 123. To that question, Ramakrishna stated there had not, and added that Kennametal would never sell that product to anyone else. Ramakrishna added that it is needed for the manufacturing process there, and they understand the export license conditions prohibiting such a transfer.

¶9. After the meeting, ECO and FSN Narayan were given a brief tour of the Kennametal manufacturing facility and were educated on the process of how the nickel powder is used for making dies. ECO and FSN Narayan were also given a tour of the storage area where the unused nickel powder is housed, in a locked building. The Kennametal building is guarded 24 hours a day.

¶10. Established in 1964, Kennametal is a wholly owned subsidiary of Kennametal, Inc. headquartered in Latrobe, PA. Kennametal is one of the leading suppliers of tooling, engineered components and advanced materials that are consumed in production processes. Kennametal's

products use highly complex metallurgy and materials science in tungsten carbide powders, high-speed steels, ceramics, industrial diamond and other materials that are particularly resistant to heat, abrasion, pressure and wear. Kennametal customers include automobile, automotive components, metal parts manufacturers and GOI owned Indian ordnance factories. Kennametal has branch offices in all major cities in India including Bhopal, Madhya Pradesh; Chandigarh, Chennai, Tamilnadu; Hyderabad, Andhra Pradesh; Kolkata, Mumbai, Pune, New Delhi, Jamshedpur and Ranchi. Kennametal sales turnover for FY 2006 exceeded \$90 million including & \$17 million of its EPG. Kennametal employs approximately 950 personnel India-wide.

¶11. Recommendation: Post recommends Kennametal India Pvt. Ltd. as a reliable recipient of the controlled U.S.-origin commodity. All indications are that the listed commodity is being used in accordance with U.S. Export Administration Regulations. (DNARDELLA/PNARAYAN) Mulford